

## Message Text

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PAGE 01 SINGAP 04597 290301Z

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ACTION EA-14

INFO OCT-01 ISO-00 AID-20 CIAE-00 COME-00 EB-11 FRB-02

INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12 SPC-03

CIEP-02 LAB-06 SIL-01 OMB-01 SCEM-02 PA-04 PRS-01

USIA-15 NSC-10 SS-20 STR-08 CEA-02 SEC-03 DRC-01

EUR-25 /182 W

----- 108192

R 280945Z NOV 73

FM AMEMBASSY SINGAPORE

TO SECSTATE WASHDC 9707

INFO AMCONSUL HONG KONG

AMEMBASSY KUALA LUMPUR

UNCLAS SINGAPORE 4597

E.O. 11652: NA

TAGS: EGEN SN

SUBJ: SINGAPORE STOCK MARKET

REF: SINGAPORE 4559

1. SINGAPORE STOCK MARKET PLUNGED SHARPLY FOLLOWING PRIME MINISTER'S SPEECH ON OIL CRISIS. STRAITS TIMES INDUSTRIAL INDEX FELL 16.5 POINTS MONDAY, NOV. 26, AND CONTINUED FALLING THROUGHOUT TUESDAY ANOTHER 19 POINTS TO 297.3. PLUNGE FOLLOWED WEEKEND SPEECH REPORTED REFTEL IN WHICH PRIME MINISTER SAID OIL CUTBACKS WOULD SERIOUSLY JEOPARDIZE SINGAPORE PROSPECTS FOR GROWTH IN 1974.

2. NEWSPAPERS AND COMMENTATORS GENERALLY ATTRIBUTE PLUNGE TO PRIME MINISTER'S SPEECH BUT THERE ARE OTHER FACTORS INVOLVED. SEVERAL SOURCES SAY THAT BIG STOCK MARKET INVESTORS WERE BEGINNING TO PULL OUT SERIOUSLY NOV. 23 IN RESPONSE TO GENERAL UNEASE CAUSED BY OIL  
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CRISIS AND BECAUSE OF CREDIT CRUNCH. INTERBANK RATES

WERE UP TO 14.5PERCENT AND BANKS WERE RESTRICTING OVERDRAFT FACILITIES LATE LAST WEEK. BIG INVESTORS ON SEEING PRIME MINISTER'S SPEECH, NO DOUBT, SEIZED OPPORTUNITY TO SELL SHORT THUS ACCELERATING DECLINE.

3. STOCK EXCHANGE OF SINGAPORE HAS TAKEN STEPS TO CURTAIL SHORT SELLING. AS OF NOV. 28, ALL SHARE DEALS WILL BE RESTRICTED TO PROMPT AND IMMEDIATE DELIVERY. CONTRACTS TRANSACTED UP TO 600PM# YESTERDAY MUST BE CLEARED BY TODAY. UNDER IMMEDIATE DELIVERY RULE SCRIPT MUST BE HANDED OVER BY SELLER WITHIN 24 HOURS OF SALE. THIS ACTION BY STOCK EXCHANGE OF SINGAPORE COMBINED WITH MODEST RECOVERIES IN NEW YORK AND LONDON MAY STEM ABRUPT PLUNGE BUT RAPID OR EVEN SIGNIFICANT RECOVERY IS NOT EXPECTED. CRONK

NOTE BY OCT: # AS RECEIVED, WILL SERVICE UPON REQUEST.

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** SECURITIES MARKETS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 28 NOV 1973  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** n/a  
**Disposition Approved on Date:**  
**Disposition Authority:** n/a  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
**Disposition Date:** 01 JAN 1960  
**Disposition Event:**  
**Disposition History:** n/a  
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**Reference:** SINGAPORE 4559  
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**Review Date:** 09 AUG 2001  
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**Status:** NATIVE  
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**TAGS:** EGEN, SN  
**To:** STATE  
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